

Recreational Boating in Australia

Summary

Australia has 23,000 miles of coastline. More than eight out of ten Australians live within thirty miles of the coast.



Australia enjoys a high percentage of boat ownership and Australians enjoy a variety of water-based sports such as fishing, diving, skiing and cruising.

In 2003 the U.S. exported \$38 million worth of recreational boats to Australia. Australian exports to the U.S. were \$48 million. Both figures show strong increases over 2002. The average annual U.S. exports

to Australia over the past five years is \$23.7 million, and imports from Australia \$37.7 (U.S. Trade Stats Express).

The industry experienced a welcome change in fortune in 1995 after a slow period lasting about seven years. Since that time, retail sales of boats and equipment have been buoyant, and the outlook is considered to remain optimistic through 2005. The advent of the Goods and Services Tax in 2000 (10%), replacing the previous product-selective wholesale tax (22% on specific marine items) helped the sales of boats and other high-value equipment in this industry. The recent strength of the Australian dollar against the greenback has given a further boost in purchasing power to Australian importers, and the trade press has reported some keen expressions of enthusiasm and sales increases for U.S. - manufactured boats. The market is reported to be growing particularly well for larger boats.

The local industry has a strong export focus, and to equip the exports, it takes in a high level of imports to provide equipment, accessories and raw materials. One effect of the relative weakness of the U.S. dollar has been to stall sales of Australian manufactured boats, prompting some builders to look at the growing markets in neighboring Asian countries. As an alternative to the traditionally lucrative U.S. market, some firms in the Australian industry see China as a significant market opportunity, both for sales and possible manufacturing operations.

Market Overview

There are about 640,000 registered boats in Australia, around 90% of which are estimated to be engine-powered, the remainder relying on the wind, and arguably considered by their owners to be much more graceful than their noisy counterparts, not quite as one with the forces of nature. The number of boats, canoes, etc., which do not require registration, runs into hundreds of thousands.

Australia is a federation of six states and two territories. In this industry, each can be defined almost as an individual market. Queensland, for example, is the largest market for boating with eight thousand miles of coastline, including the islands. It has a warm-climate lifestyle, ranging from the tropical North at the top-end of the Great Barrier Reef, where sports fishing finds its home, south past the balmy Whitsunday Islands, dotted with charter boats, to the wealthy, Florida-like atmosphere of the Gold Coast and Surfers Paradise. This is where the major boat show in Australia takes place annually, at Sanctuary Cove on the Gold Coast, where over 50,000 visitors view boating exhibits from twenty countries (see Trade Show Section).

Continuing south along the New South Wales and Victorian coastline, the shores, bays and estuaries are dotted with pleasure boats, with increasing numbers of trailer boats as we move south, down to Australia's southeastern corner. Specific locations, such as the waterways of Sydney and Phillip Bay in Melbourne, contain high concentrations of boats used for on-water recreation. Inland, on the Victorian Lakes and the River Murray, Australia's houseboat community can be found, with a variety of hire companies offering everything conducive to household enjoyment on the water. In the far west is Perth, the home of the successful America's Cup challenge in 1987, and home to a community of boating enthusiasts in the inshore blue water and the Swan River.

NEW SOUTH WALES

There are almost 450,000 recreational boating license holders in NSW. Over 31,500 new license holders were tested and almost 15,000 new vessel registrations granted during 2002 –2003. There are 7,400 registered commercial vessels in NSW for which the operators and crews must possess certificates of competency.

QUEENSLAND

As at 14 December 2003 there were 179,231 recreational vessels registered in Queensland, which represents an increase of approximately 10% since 2001. It is estimated that Queensland recreational boat operators invest an estimated \$175 million annually in this pastime.

VICTORIA

More than 175,000 Victorians now hold licenses, and boat registrations have reached an all time record at 145,000. In 2003 a number of local boat manufacturers, including Whittle Marine, BAR Crusher Boats and Savage Boats built, were in the process of constructing new facilities to increase output and further service their export markets.

SOUTH AUSTRALIA

Almost 750 houseboats are now registered in South Australia alone, testament to the fact they are a holiday institution. As at 30 June 2004, there were 51,844 registered powerboats in South Australia, possibly the highest per capita boat ownership in the country. Of this number, 3,524 were new boats registrations over the period, compared

with 1,616 new boats in 1999/2000. Four years ago, new cabin cruiser registrations numbered 50, compared with the 2004 figure of 179. Similarly, new registrations of cuddly cabin craft rose from 254 in 2000 to 586 in 2004, ski boats from 114 to 318 and houseboats from 11 to 59.

WESTERN AUSTRALIA

There are more than 71,000 registered recreational vessels in WA and an estimated 250,000 people are involved in recreational boating each year.

About a third of the nation's 640 marine equipment suppliers are in New South Wales, a quarter in Queensland, and sixth each in Victoria and Western Australia. Much of Australia's boating industry is export-oriented. It is a world leader in the design, construction and quality of alloy (Quintrex, Stacer, Savage) and fiberglass boats, and finds strong export markets in the Pacific Rim, New Zealand, the U.S., Europe, and increasingly, Asia. The industry growth rate reflects the growth of the Australian economy, although in recent years it has grown slightly faster than the overall economy. Australia represents a large market for trailer boats, with outboard motors that can be lifted from the water and stored indoors. These boats are usually used for pleasure cruising or fishing. Most boat dealers tend to stock these types of boats as they represent the fastest moving stock. Engine models for this type of craft include Mercury, Yamaha, Suzuki, Evinrude, Honda and Johnson. The Marine Association of Australia represents the interests of 400 Marinas in Australia, mainly on the east coast.

Recreational Fishing

According to the Australian Recreational and Sports Fishing Confederation, about five million people go fishing for sport and recreation each year, making it one of the biggest industries in the country, supporting about 90,000 Australian jobs. Two main industries are involved, the Australian fishing tackle and bait industry (with an annual turnover in excess of \$120 million), and the recreational boating industry, (with an annual turnover of around \$355 million, of which 60% is related to fishing in one way or another). Recreational fishing is particularly important from a regional perspective, with significant flow-on benefits, such as providing employment opportunities in the tackle, boating, tourism, fishing charter and associated industries in many coastal and rural areas. Most of Australia's recreational fishing is undertaken along the coast and estuaries of New South Wales, Queensland and Victoria, reflecting both the excellent fishing areas and the geographic spread of Australia's population. However, freshwater recreational fishing in inland areas of Australia plays an important role in regional economies, particularly those areas where rivers have been dammed to supply hydro-electricity or water for irrigation purposes. Many state fishing authorities have introduced a requirement for all fishers to purchase fishing licenses for both freshwater and saltwater fishing.

Approximately 80% of the market is comprised of powerboats. The market is highly price-sensitive and it is reported that some Australian boat dealers operate on some of the slimmest profit margins in the world. Additionally, Australians often require a lower specification in terms of fixtures and fittings than their American and European counterparts. Australia is a large market for trailer boats. The majority of boats sold are those with outboard motors that can be lifted from the water and stored indoors. These boats are usually used for pleasure cruising or fishing. Over 80,000 people are members of sailing clubs in Australia.

Market Trends

The U.S. and Australia are currently negotiating a Free Trade Agreement. Local trade press is reporting that the proposed agreement favors Australian importers, claiming that Australian boat buyers could benefit from cheaper prices of U.S. imports once the legislation is in place. Imports currently incur a 3-5% tariff, which would be removed under the Agreement. Importers, generally, are welcoming the news, indicating that the cuts will be passed on to buyers.

"We would definitely pass on the savings to our customers because we are competing with local and European product as well as other U.S. boats," said Andrew Short, of Andrew Short Marine. "A five per cent cut should be a five per cent saving. This means a Sea Ray 185 Bowrider would drop from A\$40,000 to A\$38,000" (about US\$1,400).

Cobalt Boats Australia director, Robin Toms, says her company is "excited" about a tariff cut, and that consumers will be the winners. "The bottom line is that the boating business is so competitive, the benefits will likely flow onto the consumer," she explained. But prices of outboard engines will not be affected, said Mercury Marine's Ken Evans, as they are not subject to the import tariff.

The US-built Crownline range of 18-27ft trailerable bowriders, cuddy cabins, deckboats and cruisers became a recent U.S. import on the Australian market following its release at this year's Sydney International Boat Show. Local Sydney dealer TR Marine displayed the bowriders and maxi-trailerable cruisers. As with many U.S. made boats, they are well appointed and factory-fitted with standard features. It is a characteristic of most Australian small boats that they have been modified and fitted out to the needs of the individual owners. This has resulted in a plentiful supply of items such as rod-holders, storage systems, navigation and deck lights, electronics, pumps, refrigerators, radios, paints, hardware, etc.

Personal watercraft have gained wide popularity, although a large proportion of traditional boaters would like to see restrictions placed on the use of the craft or have them limited to zoned areas (Queensland survey 2003). The use of jet skis has been banned in Sydney Harbor, for example.

Boat sales are buoyant. This is particularly evident where the boat, motor, fittings and trailer are sold as a package deal, and in the area of repair and restoration. Electronics are competitive, low-margin, and subject to problems such as the provision of after-sales service. Mobile phones are replacing other forms of communication on the water, and are now the most frequently used by far. VHF radio is the next most popular form of marine communications, followed by CB radio.

There are varying estimates of the size of the boat trailer market in Australia. Dunbier, Australia's largest manufacturer of trailers, estimates the company will supply about 12,000 new trailers to the Australian market in 2004, representing around 60% of the total number of new boat trailers sold every year in Australia. The company also exports a number of its products.

With most of the industry's sales concentrated in the coastal cities, dealerships in Southern Queensland, in particular, hold a strong position in the market.

However, the use of the Internet for trading marine accessories appears to be growing but its role and significance has not been measured.

Imports from the U.S.

Boat imports from the United States are significant, and include Bayliner, Sea Ray, Rinker, Wellcraft, Baja, Carver, Maxum and Crownline. The major U.S. manufacturers of yachts in the Australian market are Catalina Yachts and Hunter Marine. The reasons Australians purchase U.S. yachts include superior technology in electronics, hot and cold running water, and toilets with a sewerage unit.

Imports from the U.S. are very broad-based and range from yachts to motorboats and also include components such as engines, raw materials, motors, fiberglass resins and motor components for which the latest technology is required. U.S. companies are gradually increasing market share of products, and U.S. companies currently dominating the market include OMC, Mercury Marine, Sea Ray, Wellcraft and Catalina.

Competition

Australia is a world leader in the design, construction and quality of alloy and fiberglass boats, and is actively exporting up to two thirds of its production in some sizes.

Boat building has been identified as one of the fastest growing industries in Australia. Australia has a growing international reputation for the design and production of high quality fiberglass, composite and aluminum motor, sailing and light commercial boats, ranging from small dinghies and trailered boats to vessels of up to 50 tons displacement. In addition, the industry designs and produces world-class component parts and accessories for these types of boats.

The Australian boat building industry is concentrated in Queensland, where there are 35% of establishments, New South Wales follows with 24%, and Western Australia has 21%. Approximately two thirds of Australia's recreational boat exports are accounted for by Queensland's boat building.

Riviera Marine is a leading recreational boat exporter and producer of luxury motor yachts, sports-fishing and general sports boats. Other leading Australian manufacturers include Haines Hunter, Pro Marine, Mustang Pleasure Boats, Blackwatch Boats, Whittley Marine, Perry Catamarans, Seafarer, International Marine and Stebercraft.

Leading aluminum boat manufacturers include Quintrex, Stacer Alloy Craft and Savage. Yacht builders include Seawind Catamarans, Northshore Yachts, Buizen Yachts, Bluewater Yachts, and Bashford International. Internationally successful Australian equipment manufacturers include Ronstan International, Muir Winches & Windlasses, the Australian Winch Company, Coursemaster, and Austral Propellers.

The most common types of boats manufactured in Australia are fishing boats (25%) followed by cruising (20%), light commercial (18%), sailing (14%), and ski (14%). The most common material used in boat manufacturing in Australia is fiberglass (52% of manufacturers) followed by aluminum (21%), timber (13%), and composites (12%).

Australian imports include engines, raw materials, motors, and fiberglass resins. Inflatable boats are imported mainly from France, with Zodiac and Avon dominating the market. Australia is importing clothing from New Zealand, the U.K. and France, and yacht fittings from Norway.

French yachts such as Beneteau, Jeanneau and Dufour are popular, as well as the German Bavaria and Dehler yachts.

Industry reports that the Sydney market is the most competitive market for Australian manufacturers. Sydney boat owners have developed a taste for English-built yachts, German-made cruisers, and Italian sportscruisers. Despite the high quality of Australian boats, the Sydney market is still influenced by the glamour of purchasing European or American boats.

End Users

Recreational fishing in Australia is an important leisure activity. Fishing boats are becoming much more of a family boat and a deluxe fashion accessory. Safety features for children, cruising comforts such as bunks and toilets and color schemes, are important selling points.

Yachting is popular, both ocean racing and cruising for pleasure. Approximately half of the yachting market is interested in a yacht that is suitable for both racing and cruising. The growth sector in the boating industry lies in high-performance yachts with enough comfort to make a family cruise enjoyable. Sailing is becoming a family affair rather than just men sailing together on the weekends.

Small boats owners proliferate along the coast, enjoying life on the endless waterways. Larger cruisers appear offshore and also in the rivers and lakes. Houseboats are an increasingly popular means of enjoying leisure time on the water.

Market Access

There are no discriminatory barriers to importing boats into Australia from the U.S. There are standards which apply to boating, covering both local manufacture and imports.

Standards Australia is an independent not-for-profit organization whose primary role is to prepare Australian Standards through an open process of consultation and consensus in which all interested parties are invited to participate. It is recognized by the Australian Federal Government as the peak Standards writing body in Australia.

Australian standards for pleasure boats can be obtained through:

Standards Australia
1 The Crescent
Homebush, NSW 2135
Tel: 61 2 9746 4600

Fax: 61 2 9746 3333
Email: sales@standards.com.au
Website: www.standards.com.au

Some applicable standards include:

AS17899.1-1992: Small Pleasure Boats Code - General Requirements for Power Boats.
This specifies requirements for determining maximum persons and power capacities and for stability, reserve buoyancy and general design features of powerboats up to 45 ft in overall length and used as pleasure boats.

AS 1799.2-1989: Small pleasure boats code - General requirements for yachts.

AS1799.3-1985: Small Pleasure Boats Code - Engineering
The standard sets out requirements for propulsion systems, ventilation, bilge pumping, electrical systems, steering and other mechanical features of pleasure boats up to 45 ft in overall length.

Market Entry

Marine product distribution is typically through a distributor or a sales agent. There are a number of accessory distributors who distribute on a nationwide basis to boat dealers and specialist stores, selling all types of boating accessories and fishing gear. Boat dealers increasingly stock a wide range of marine accessories with relatively high profit margins.

Key Contacts

Regulating agencies:

New South Wales Waterways
www.waterways.nsw.gov.au

Marine Safety Victoria
www.marinesafety.vic.gov.au

Maritime Safety Queensland
www.msq.qld.gov.au

Transport South Australia:
www.transport.sa.gov.au

iMarine Western Australia
www.dpi.wa.gov.au/imarine

Infrastructure Planning and Environment Northern Territory
www.nt.gov.au/ipe/dtw

Marine & Safety Tasmania

www.mast.tas.gov.au

Maritime Safety:

Australian Maritime Safety Authority

www.amsa.gov.au

ANZSBEG

www.safeboating.org.au

National Marine Safety Committee (NMSC):

www.nmsc.gov.au

Trade Associations

National Boating Industry Association
(Australian Marine Industry Federation)

www.amif.asn.au

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Mt Lawley WA 6050

Ph: +61 8 9371 8872

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New South Wales:

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Crows Nest NSW 2065

Telephone +61 2 9438 2077

Fax +61 2 9439 3983

www.bia.org.au

Victoria:

Marine House, 162-164 Adderley Street

West Melbourne VIC 3003

Telephone +61 3 9328 4855

Fax +61 3 9328 4898

www.biavic.com.au

Queensland:

PO Box 3305

Tingalpa DC QLD 4173

Telephone +61 7 3899 3333

Fax +61 7 3899 3051

www.biaq.com

South Australia:

PO Box 10262

Adelaide Business Centre SA 5000

Telephone +61 8 8212 6000

Fax +61 8 8410 0688

www.boatingsa.com.au

West Australia:
Suite 2, 799 Beaufort Street
Mt Lawley WA 6050
Telephone +61 8 9271 9688
Fax +61 8 9271 9057
www.biawa.asn.au

Northern Territory:
PO Box 4598
Darwin NT 0801
Telephone +61 408 816 927
Fax +61 8 8927 6529
www.boatshows.com.au/Darwin.html

Tasmania:
19 Conrad Drive
Otago Bay TAS 7017
Telephone + 61 3 6273 8788
Fax +61 3 6273 8423

Marina Association of Australia
<http://www.marinas.net.au>

Boatpoint Australia Electronic News
<http://boatpoint.ninemsn.com.au/>

Upcoming Trade Shows

Sanctuary Cove International Boat Show

19-22 May 2005
PO Box 204, Sanctuary Cove
Queensland 4212, Australia.
Tel: +61 7 5577 6868
Fax: +61 7 5530 8067
<http://www.sanctuarycove.com/boatshow2004/>

U.S. Commercial Service and Sanctuary Cove International Boat Show

The U.S. Commercial Service will offer a variety of services to U.S. firms interested in participating in the Sanctuary Cove International Boat Show, including introductions to potential distributors, assistance to exhibitors in the show, and a catalog and product literature exhibit for all types of U.S. manufactured marine craft and accessories. Please contact Commercial Specialist Phil Keeling for more information (see below).

Press reports from the 2004 Sanctuary Cove show:

- A record of over 50,000 would-be boat buyers stood should-to-shoulder in the halls at this year's Sanctuary Cove event. In the world of production boats, the trend to bigger, faster and more glamorous boats was most evident. While the 60-footers took over from the 40-50ft craft two years ago, now 80-100ft palazzos are making waves Down Under. There's also a shift to hard-topped sports

cruisers from our local boat builders, and an increase in trawler-type cruisers. And thanks to the strong Aussie dollar there was an amazing array of imported US boats.

- It wasn't long before the Americans were waving their banners. Regal made a strong showing. The new 4260 Commodore sports cruiser (twin 8.1lt MerCruisers with V-drives) is an interesting design with, in this case, a black hull with giant chines and steps in the bow to visually reduce volume and a stainless steel walk-through windscreen with a hip in the line. Marine giant Genmar wasn't going to miss out on the action, proudly displaying three brands of craft after a no-show at the 2003 event. The company has reported "phenomenal growth" in the last 12 months, and the Australian market appears to be a high priority.
- The Larson range was on the dry and ran the gamut from entry-level VEC-built (closed mould boatbuilding process) bowriders to 28ft sportscruisers. Fellow Boat of the Year judge, ergonomist Paul Cockburn, was impressed by the convertible saloon lounges and sleeping arrangements in the 26ft Larson. Meantime, those Four Winns heaving rhythmically behind included the company's bigger cruisers, the Vistas. This was, in fact, the first-ever boat show for the Vistas 248, 268, 288, 298 and 328 models. There was also a twin-outboard-powered American-made Sea Dan 360F center console for long-range fast fishing. Pricing for the Yank boats is competitive but usually not cheaper than Oz equivalents.

45th BIA Melbourne Boat Show

Jun 30 – Jul 4 2005

Power and Sail

Melbourne Exhibition Centre

Southbank, Melbourne

Organizer

162 Adderley Street

West Melbourne, Victoria, 3003 Australia

Tel: +61 3 9328 4855

Fax: +61 3 9328 4898

38th Sydney International Boat Show

Jul 28 – Aug 2 2005

Power and Sail

Sydney Convention & Exhibition Centre

Darling Harbor, Sydney

Organizer Address

53 Hume Street

Crows Nest, New South Wales, 2065 Australia

Tel: +61 2 9438 2077

Fax: +61 2 9439 3983

USCS Sydney monitors developments in the Australian marine industry and offers low-cost market assistance programs to U.S. exporters. For further information on this industry contact:

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